

Revised Medium-Term Management Plan FY2024 to FY2026

November 17, 2023
Wacoal Holdings Corp.

1

Hello, everyone. I am Masaaki Yajima, President and Chief Executive Officer of Wacoal Holdings Corp. Thank you very much for taking time out of your busy schedule to attend our information session today. Now, I will explain the revision material of the mid-term management plan that was presented on November 9.

As Mr. Kawanishi of Wacoal Corp. will explain the domestic initiatives later, I will explain the Group-wide initiatives.

As disclosed on November 9, in addition to weak sales in major regions, we have revised downward our full-year earnings forecast disclosed on May 12 substantially, taking into account the impact of implementation of structural reforms associated with the medium-term management plan revision and the recording of impairment losses due to withdrawal from the US business.

As a result, the Company expects to post a loss for the second consecutive fiscal year. We take very seriously the concern this may cause to our shareholders and other stakeholders. We are very sorry.

In particular, as the person in charge of the Global Headquarters, I take the withdrawal of IO's business and the posting of a huge impairment loss very seriously.

While it is true that there have been significant changes in the external environment since the acquisition, such as the regulation of digital advertising and the entry of competitors, there are many aspects of management involvement in IO after the acquisition that need to be reflected upon. As a result of our insistence on management centered on the former management team, we were slow to respond to changes in the external environment and slow to move forward with management improvements.

Although our M&A has not been accompanied by results, this matter will be carefully discussed at the board meeting, and we will use our reflections for the next step.

Since assuming the position of President in June of this year, I have been discussing how to improve Wacoal as a whole, not only with internal executives but also with outside directors, and the current medium-term plan revision is the result of a fundamental review of the current strategy.

As you can see, we have incorporated various painful measures into this medium-term plan revision. With determination, we will carry through the initiatives set forth in the medium-term management plan revision, restore basic profitability, and invest for the next stage of growth.

In the process of the medium-term plan revision, we considered why Wacoal's management was not doing well. One is that we could not keep up with the changes in the world and consumers. Consumers' demands for innerwear are changing, but our manufacturing lead time is long, and we have been slow to respond.

Generous customer service is one of our strengths, but there are many consumers who do not need it. The first reason is that the company has not taken steps to address the fraying in its value chain, including planning and sales, which it considers to be its strengths.

Another reason why things have not worked out so far is that we have not been prepared. We have set forth many measures in the past but have not been able to complete them. This is because they have postponed the problem, fearing the pain and pressure that would arise in the reform process.

We will continue to carry out the initiatives set forth in the medium-term business plan revision, no matter what difficulties or pressures we may encounter. It is undeniable that the past management team has had a culture of following the past and postponing things, but we will completely change that. I will be prepared to do so.

Revised Medium-Term Management Plan Outline

Causes of Deterioration in Profitability (Summary of Group Strategy Committee)

The speed of changes in the external environment were quicker than expected, and weaknesses in our supply chain management have become apparent

- With diversifying customer needs, we recognize that conventional advertising, product planning, and production systems are not enough to respond to market changes, causing deterioration in profitability and excessive inventory (especially with the existing product planning and development lead time (LT), which takes more than one year to market, and improvements are urgently needed).
- As for the harmful effects of functional organizations, various coordinated tasks and complicated profit and loss management hinder prompt decision-making
- The responsibility for the management strategy is not clear, and the effectiveness of the strategy is not improving. In addition, the holding company's supervisory function over its subsidiaries is insufficient, and improvements are needed

Policies of Revised Medium-Term Management Plan

In order to improve the probability of achieving VISION 2030, we will first shift to a structure that can steadily generate cash

- 1. Implementing business model reforms (supply chain management reforms and cost structure reforms) to restore basic profitability**
- 2. Carrying out “brand strategy” and “customer strategy”, utilizing the power of digital resources and our Company's strengths to lead to further growth**
- 3. Introducing ROIC management as business management infrastructure that supports measures to enhance profitability and the effectiveness of strategies**
- 4. Improving capital efficiency by reducing inventories, policy shareholdings, and streamlining real estate holdings**

Now, let's get to the explanation of the medium-term revision. Page two.

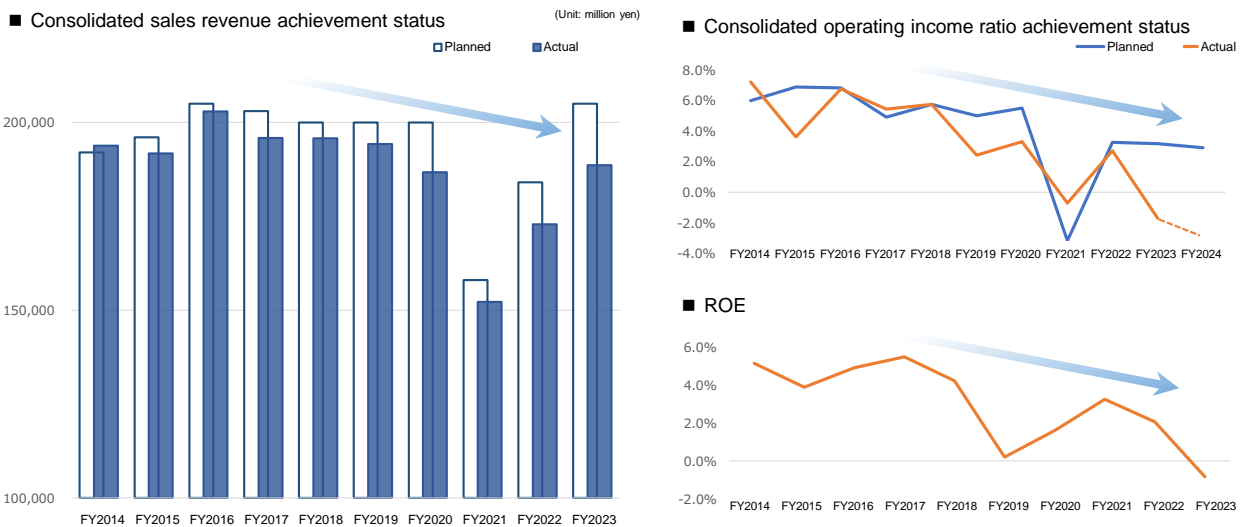
First, let me explain the framework of the medium-term plan revision.

We summarize the cause of the deterioration in profitability as the manifestation of weaknesses in our own supply chain management in response to a faster-than-expected external environment. To improve the accuracy of achieving VISION 2030, we will first transform our structure to one that can steadily generate cash.

The policy for revising is the four points listed at the bottom of the page. Each of these items will be explained on the following pages.

Background of Reviewing the Medium-Term Management Plan

**Business performance has been sluggish for a long period of time, continuing to fall short of the medium-term management plan and initial annual plans. Capital efficiency also remains low
We will review the medium-term management plan and take actions to improve the effectiveness of management**



See page three.

Before I get into the explanation of the medium-term plan revision, I would like to explain the process that led to the review.

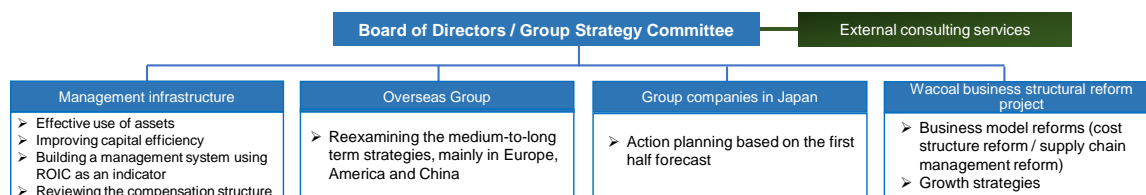
As stated, the Company's performance has been sluggish for a long period of time, and the Company has been unable to achieve not only its medium-term management plan but also the initial plan for each fiscal year. Capital efficiency has also remained low.

As I explained earlier, we believe that the reason for this is that we did not promptly implement changes in response to changes in the external environment due to our own pride in our products and manufacturing and our optimistic view of the external environment.

We have decided to revise our medium-term management plan because we believe it is necessary to improve this situation by implementing actions to enhance management effectiveness as soon as possible.

Formulating a Process of the Revised Medium-Term Management Plan

■ Main items to consider in the revised medium-term management plan



■ Process for formulating key items of the revised medium-term management plan

Implemented items	Specific activities	Members	Number of holdings
Group Strategy Committee	<ul style="list-style-type: none"> ● Reviewing key issues in the revised medium-term management plan ● Determination of management strategies 	<ul style="list-style-type: none"> ● Board Members ● Outside directors/auditors 	7 times
Wacoal(Japan) business structural reform project	<ul style="list-style-type: none"> ● Formulating growth strategies ● Studying the implementation items of cost structure reform and estimating the effects ● Reviewing and determining measures for supply chain management reforms 	<ul style="list-style-type: none"> ● Directors & Outside directors ● Executive officers, relevant department members ● External consulting services 	Monthly average: 2 or 3 times (WS will be held separately)
Building a management system using ROIC as an indicator	<ul style="list-style-type: none"> ● Reviewing and formulating basic policies for introducing ROIC ● Examining and conducting simulations of ROIC calculation method ● Considering internal inculcation methods 	<ul style="list-style-type: none"> ● Directors & Outside directors ● Executive officers, relevant department members ● External consulting services 	The general meeting is held 3 times (WS will be held separately)
Effective use of assets and improving capital efficiency	<ul style="list-style-type: none"> ● Reviewing and formulating a basic policy on asset holdings ● Inspection of asset holdings by outside directors 	<ul style="list-style-type: none"> ● Directors & Outside directors ● Executive officers ● External consulting services 	Examining as an agenda for the Strategy Committee (WS will be held separately)

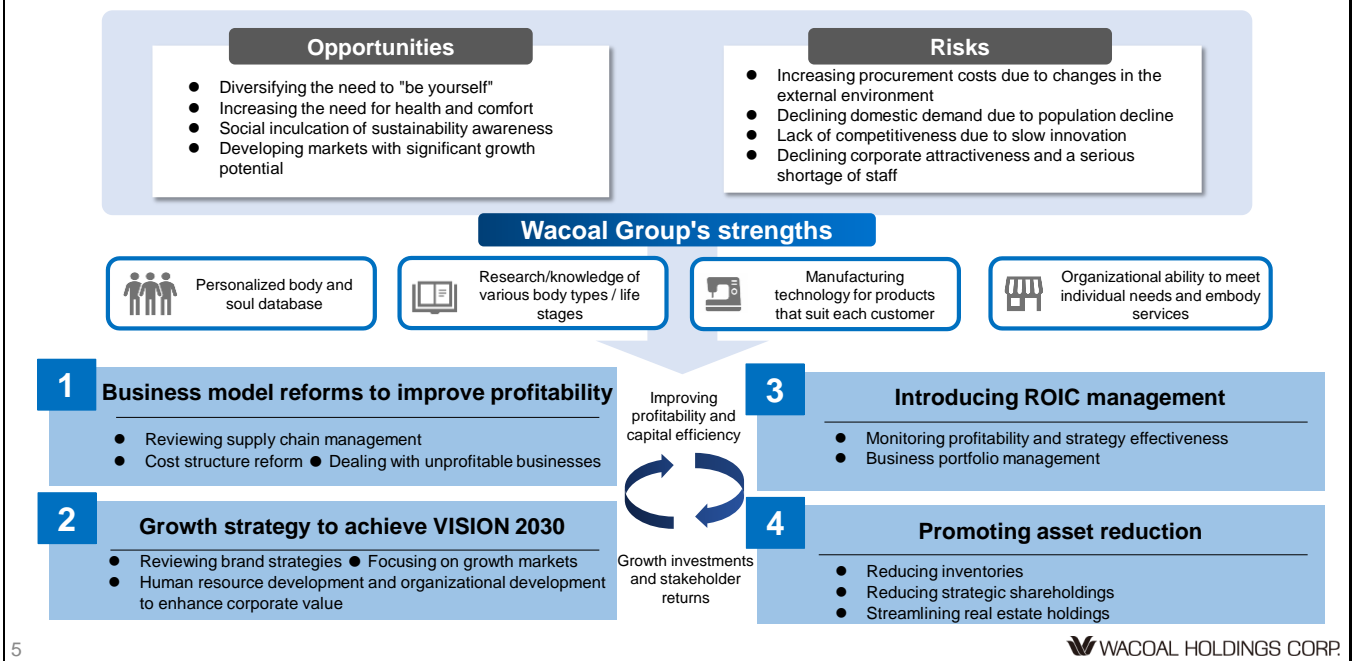
* WS: Workshop

Page four. This is about the process of formulating the revision.

As already explained, we have established a Group Strategy Committee, which includes outside directors, and have repeatedly discussed each of the listed agendas and fundamentally reviewed the current strategies.

In addition, a project team was established with outside consulting and other parties to address important issues related to Wacoal's structural reforms, the introduction of ROIC, and capital allocation, and we proceeded with the formulation of the strategy with a conscious effort to ensure that it would be highly effective.

Targets of the Revised Medium-Term Management Plan



See page five. Let me explain the direction of the revision.

To put it simply, we have to bend over backward in terms of performance. We plan to chart a growth trajectory by firmly implementing structural reforms and enhancing brand strength, customer loyalty, and human resources.

In parallel, the Company will strengthen its management control base to enhance management effectiveness and improve capital efficiency.

The four major policies are as described. The first point is to implement business model reforms to improve profitability, the second is to implement growth strategies to achieve VISION 2030, the third is to introduce ROIC management, and the fourth is to promote asset lightening.

Through these efforts, we will strive to improve and enhance profitability and capital efficiency and transform ourselves into a company that can continue to invest in the growth necessary to sustainably increase corporate value and return profits to our stakeholders.

We will now explain each of these initiatives starting on the next page.

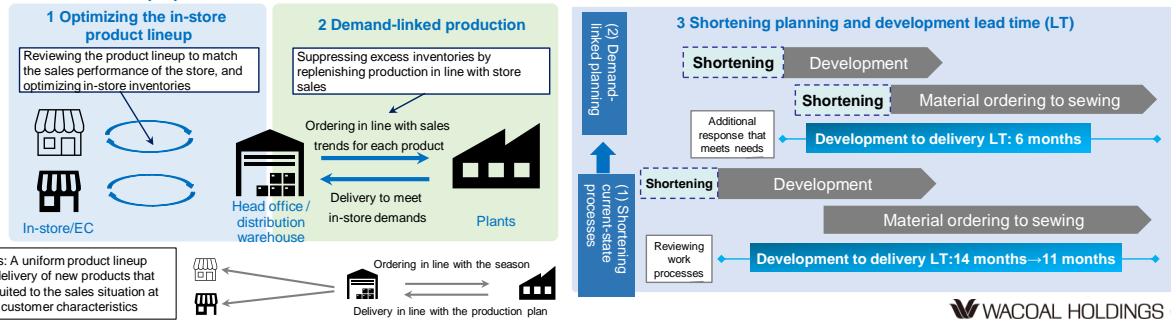
Business Model Reform (1) Supply Chain Management Reform

Implementing SCM reforms at Wacoal(Japan) to respond quickly to changes in customer needs and the market environment
 With the use of digital technology to build SCM linked to demand from the customer's point of view, thoroughly selecting and focusing to optimize the cost structure

* SCM: supply chain management

■ Process for establishing supply chain management linked to demand

- | | | | |
|----------|---|---|--|
| 1 | Optimizing in-store product lineup | <ul style="list-style-type: none"> By reviewing the uniform product mix and delivery style of new products, we establish a model that reliably delivers top-selling products to stores (including e-commerce) | <ul style="list-style-type: none"> Operational establishment within the period of the medium-term management plan |
| 2 | Demand-linked production | <ul style="list-style-type: none"> Changing the production system to match the demand situation at the store, optimizing/reducing excess inventories | <ul style="list-style-type: none"> Trial from standard products and gradually become operational within the medium-term management plan period. |
| 3 | Shortening planning and development lead time (LT) | <ul style="list-style-type: none"> Shortening development and delivery LT by utilizing existing patterns and reviewing business processes such as planning and development meetings Accelerating the PDCA cycle and the launch of products that meet customer needs | <ul style="list-style-type: none"> By the FY2025, we will gradually change the business process and try to shorten additional plans |



Current status: A uniform product lineup and uniform delivery of new products that are not fully suited to the sales situation at the store and customer characteristics

WACOAL HOLDINGS CORP.

Page six.

First, we will explain the supply chain management reforms being undertaken at Wacoal Corp.

As explained at the beginning of this report, our lead time for product planning and development took more than a year, and we have been uniform in the distribution of products on store shelves, resulting in a delay in responding to changes in consumer behavior, which in turn has caused excess inventory.

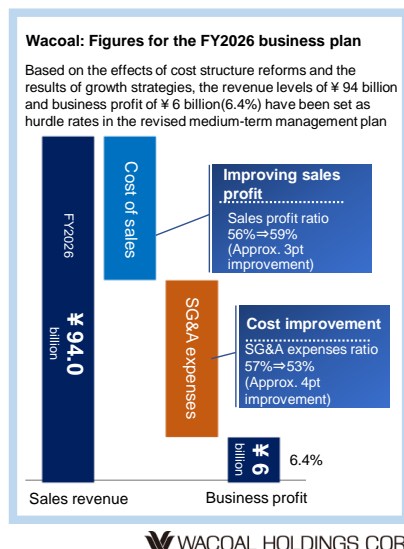
In supply chain management reform, we will improve our ability to respond to changes in customer needs by optimizing the mix of products in stores, controlling, and optimizing inventory levels by shifting to production methods that match demand conditions, and shortening production lead times.

President Kawanishi will provide more details later.

Business Model Reform (2) Cost Structure Reform

In order to restore Wacoal(Japan)'s basic profitability, a radical cost structure reform will be implemented. Setting reduction target to ¥ 7bn. We plan to improve the sales profit ratio by 3 pts to 4 pts and SG&A expenses by 4 pts to 5 pts by FY2026 (compared to FY2023).

Implemented items	Specific activities	Implementation timing	Effects
Brand focus and selection	<ul style="list-style-type: none"> Reducing losses on returns and discounting by aggregating product numbers, etc. (Reducing production lines by approx. 40% and the number of product number by more than 10%) Reviewing sales price setting 	<ul style="list-style-type: none"> Aggregating production lines will start at 24AW and be completed during FY2025 	¥ 1.9 billion
Reducing production costs	<ul style="list-style-type: none"> Improving inspection process efficiency Reducing man-hours by aggregating product numbers, etc. 	<ul style="list-style-type: none"> Will be completed by FY2025 	¥ 0.6 billion
Reducing production and material costs	<ul style="list-style-type: none"> Reviewing the production system Aggregating materials and master colors 	<ul style="list-style-type: none"> Will be completed by FY2025 	¥ 0.4 billion
Improving the profit and loss of stores	<ul style="list-style-type: none"> Reviewing the terms and conditions of business with business partners Withdrawing stores that are in the red (up to 32 stores) Optimizing personnel in order to improve productivity 	<ul style="list-style-type: none"> Considering the withdrawal from stores that are in the red and those that are not expected to revise transaction terms during FY2024 	¥ 0.9 billion
Offering voluntary retirement	<ul style="list-style-type: none"> Optimizing personnel in order to improve productivity 	<ul style="list-style-type: none"> Will be completed by FY2024 	¥ 0.9 billion
Optimizing other sales promotion expenses	<ul style="list-style-type: none"> Optimizing expenses for IT Optimizing advertising/promotion costs 	<ul style="list-style-type: none"> Will be completed by FY2025 	¥ 1.6 billion
Reducing distribution costs, etc.	<ul style="list-style-type: none"> Improving distribution business profitability 	<ul style="list-style-type: none"> Will be completed by FY2025 	¥ 0.6 billion
			Approx. ¥ 7.0 billion



See page seven. Next, I will explain the cost structure reforms to be implemented at Wacoal Corp.

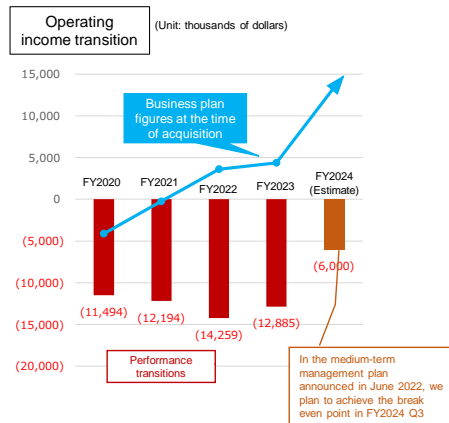
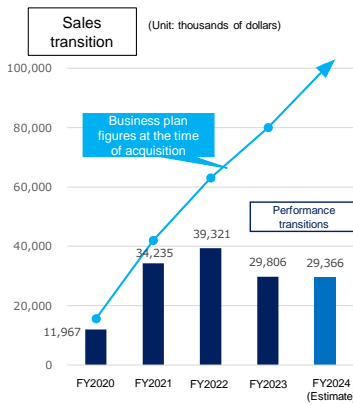
Based on the current sales and market trends, we will implement fundamental cost structure reforms to transform our business structure into one that can secure a certain level of profit even under such conditions, after carefully re-estimating the future outlook for sales and earnings.

The Company plans to reduce costs through structural reforms by JPY7 billion by the fiscal year ending March 31, 2026, improving the profit margin on sales by 3 percentage points to 4 percentage points and SG&A expenses by 4 percentage points to 5 percentage points compared to the fiscal year ended March 31, 2023.

Business Model Reform (3) Withdrawing LIVELY brand (IO)

Withdrawing from the LIVELY business of Intimates Online, Inc., a U.S. subsidiary, and liquidating the company

- ✓ Since its acquisition in July 2019, we have developed our business by e-commerce sales as our main sales channel, utilizing new digital media centering on SNS as a communication tool with customers
- ✓ Sales fell short of the plan due to entry by competitors and restrictions on targeted advertising due to heightened restrictions on the use of personal information
- ✓ After considering various possibilities for future business development, we determined that it would be difficult to improve the performance of the business in the future, and decided to withdraw
- ✓ As a result of the withdrawal from this business, approximately ¥ 7.3 billion will be recorded in FY2024, including an impairment loss on goodwill related to Wacoal International (Approx. ¥ 10 billion of impairment loss on goodwill in FY2023)



Acquisition prices (Unit: thousands of dollars)

	FY2020	FY2021	
Acquisition prices	86,401	-	86,401
Earnout payments	-	26,825	26,825
Total	86,401	26,825	112,866

Summary of Intimates Online, Inc.

Company name	Intimates Online, Inc.
Address	136 Madison Avenue New York NY 10016 USA
Representative	Kristin DiCunzolo
Business description	Planning and sales of female innerwear
Capital	433,000 dollars
Date of establishment	May 1, 2015
Date of acquisition	July 30, 2019
Shareholders	WACOAL INTERNATIONAL CORP. (100% capital ratio)

WACOAL HOLDINGS CORP.

Page eight.

The third point of business model reform is to withdraw from unprofitable businesses. This page describes the withdrawal of the LIVELY brand and the liquidation of IO, which have already been disclosed. We are also considering plans to deal with other unprofitable businesses and unprofitable subsidiaries, as well as IO.

As of today, only IO has been confirmed, but we will examine the future ideal state of each business and determine an action plan for the continuation, sale, or withdrawal of each business.

Benefits and Temporary Expenses by Cost Structure Reform

Temporary expenses were recorded in FY2024 due to the cost structure reform of Wacoal (Japan)(withdrawal of brands and stores, optimization of personnel, etc.) and the withdrawal of IO in the U.S. (temporary expenses associated with structure reform will also be incurred in FY2025). The effects of cost structure reforms will gradually be shown from FY2025

	Initial plan FY2024 (May 12)	Revised target FY2024 (November 9)	Effects of profit improvement
Sales revenue	¥ 205 billion	¥ 196 billion	<p>Approx. ¥ 7.5 to 8 billion/year</p> <ul style="list-style-type: none"> ➢ Wacoal(Japan) Structural Reform: ¥ 7 billion ➢ IO deficit eliminated: ¥ 0.5 billion to ¥ 1 billion <ul style="list-style-type: none"> ● The above figures show only the effects of improvements in the implementation items of cost structure reforms(without taking into account the effects of supply chain management reforms and growth strategies). ● It is estimated that the effects of structure reforms will show themselves in FY2025, and the effects of improvements will continue from FY2026
Business profit	¥ 6 billion	¥ 1.7 billion	
Withdrawing from IO business	-	¥ -7.3 billion (*)	
Domestic structural reform expenses	-	¥ -6 billion	
Operating income	¥ 6 billion	¥ -12 billion	

* Temporary expenses associated with the withdrawal of the LIVELY brand and the liquidation of IO have already been booked in the second quarter of the FY2024. The difference in the recorded amount from the forecast for the full year is due to the impact of reversal of leased assets that will occur in and after the 3Q

See page nine. This section summarizes the effects of cost structure reforms and the liquidation of IO, as well as one-time costs.

As already disclosed, one-time expenses of approximately JPY13 billion will be recorded in the fiscal year ending March 31, 2024, due to cost structure reforms, including the withdrawal of Wacoal brand stores and optimization of personnel, as well as the withdrawal from the business and liquidation of IO Corporation in the United States.

The effects of cost structure reforms are expected to gradually emerge from the fiscal year ending March 31, 2025, and we estimate that profit structure reforms will amount to approximately JPY7.5 to JPY8 billion per year, and we will implement reforms with a sense of speed.

Growth Strategies to Achieve VISION 2030

By leveraging Wacoal's strengths and digital capabilities to continue providing products and services that empower customers' ability to "be themselves," we will develop beloved brands, build deep, broad, and long-term relationships with customers, and achieve growth as the Wacoal Group

1. Domestic business: To meet diversifying customer needs, we will contribute to the "beauty, comfort, and health of each customer"

Implemented items	Specific activities	Goals
Customer strategies	<ul style="list-style-type: none"> We aim to improve LTV through personalized customer experiences by using accumulated digital assets 	
Brand strategies	<ul style="list-style-type: none"> Through brand management from a "customer's point of view," we develop attractive brands with clear value 	FY2026 Wacoal sales revenue Return to ¥ 94 billion (+3.2% compared to FY2023)
Focus segments	<ul style="list-style-type: none"> Strengthening strategies tailored to market segments in the innerwear business (reinforcing high premium and affordable markets) Leveraging our strengths to reinforce our sports and health businesses to maximize market opportunities 	
Focus channels	<ul style="list-style-type: none"> Implementing measures to strengthen the channel for Wacoal EC, dedicated EC, and directly managed stores 	EC ratio for FY2026: 30% (+10 pts compared to FY2023)

2. Overseas business: Amid an uncertain business environment, we will first work to improve our management infrastructure and execute growth strategies for the next medium-term management plan

Implemented items	Specific activities	Goals
Brand strategies	<ul style="list-style-type: none"> Expanding contact points with new customers by developing and selling new products based on market analysis in China and other countries in Asia In Europe and the U.S., we will promote brand strategies to meet the diverse values of customers 	CAGR (FY2024 to FY2026) America: 3.9% Europe: 5.6% China: 12.4%
Efforts to strengthen EC business	<ul style="list-style-type: none"> Other companies EC: Strategically strengthen cooperation with EC marketplaces Wacoal EC: Enriching original content such as membership programs and strengthening cooperation with physical stores 	EC ratio for FY2026: 30% (+4 pts compared to FY2023)
Developing emerging areas	<ul style="list-style-type: none"> Formulating and promoting growth strategies in regions with growth potential, such as Germany, France and India 	FY2031 Sales in the German and French markets ¥ 6.7 billion (¥ +5 billion compared to FY2023)

10

WACOAL HOLDINGS CORP.

Page 10.

From here, I would like to explain our growth strategy for achieving VISION 2030.

As explained on the previous page, we plan to allocate the cash to be generated by structural reforms to the next stage of growth. However, since it takes a certain amount of time for the effects of growth strategies to materialize, we have formulated our growth strategies from a medium- to long-term perspective.

Regarding Japan, we intend to transform the innerwear market into an exciting market by leveraging Wacoal's strengths and digital capabilities to provide products and services that empower customers' sense of self.

As for the overseas business, under the uncertain business environment, we will first work on improving the management foundation and implement the growth strategy for the next mid-term business plan. Individual items are as described.

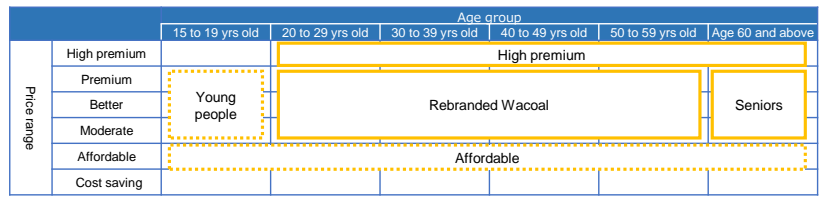
Brand Strategies (Wacoal (Japan))

With thorough brand management from the "customer's point of view," we will develop an attractive brand with clear values

- Developing products and services tailored to each segment to meet the diverse values of customers and empower them to be themselves.

1	Innerwear	Brand portfolio setting tailored to market segments	<ul style="list-style-type: none"> By clarifying the value we provide to customers, expand the customer base targeting young and affordable customers, and providing products that meet diverse customer needs, we will develop brands with an eye on long-term connections with customers and expand LTV 	Starting from the 24 AW season product
		Rebranding Wacoal	<ul style="list-style-type: none"> From a brand that creates "beauty" to a brand that creates encounters with a "new you and new possibilities." Rebranding our core brand, Wacoal, to improve its value 	FY2028 ¥ 45 billion 125% compared to FY2023 (CAGR 4.6%)
2	Other than innerwear	Expanding our "beauty, comfort, and health" business	<ul style="list-style-type: none"> Expanding the beauty, comfort, and health business by utilizing our knowledge cultivated in the innerwear business Personalized services using 3D measurement systems and data Strengthening sports business such as CW-X 	FY2031 ¥ 20 billion

■ About market segments
Analyzing the market attractiveness of each segment based on the "compound annual growth rate" x "bra market size" for FY2018 to FY2022, setting market segments and developing brand strategies in line with the strengthened segments (market attractiveness of each market segment and other information not disclosed)



See page 11. I would like to explain our brand strategy, which is one of the growth strategies for our domestic business.

For our domestic brand strategy, we have organized our market segments from a unique perspective and set up a brand portfolio according to the strengthened segments. By executing brand management according to the strengthened segments, we will improve the value provided to our customers.

In addition, we will implement brand renewal for our main brand, Wacoal, and work for its renewed growth.

In areas other than innerwear, we aim to expand our business in the beauty, comfort, and health fields, including 3D measurement services, personalized services using customer data, and strengthening our sports business such as CW-X.

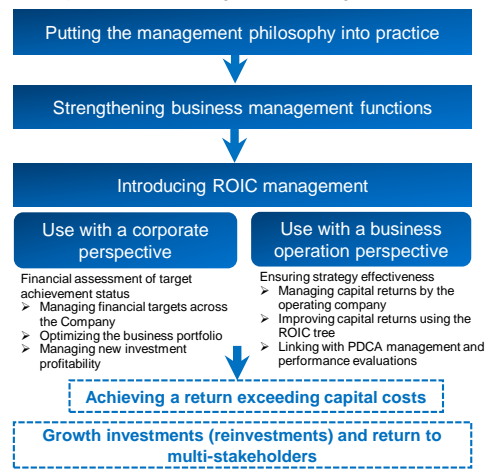
Introducing ROIC management

Introducing ROIC management to improve capital efficiency and achieve a robust corporate structure
 In addition to portfolio management, it is also used as a means of performance management to accurately measure results, and quantitatively link improvement activities on the ground with improvements in profitability and capital efficiency expected by investors and other stakeholders

■ Introducing the process of ROIC management to business departments

KPIs	Target Companies	Inculcation process		
		FY2024	FY2025	FY2026
FY2026 ROIC 6 to 7%	HD	<ul style="list-style-type: none"> Consider introducing ROIC Conducting simulations to grasp ROIC values 	<ul style="list-style-type: none"> Starting ROIC management 	<ul style="list-style-type: none"> Links to compensation
	Wacoal (Japan)	<ul style="list-style-type: none"> Sharing ROIC management introduction policy ROIC study meetings Incorporating into business activities (ROIC tree building) 	<ul style="list-style-type: none"> Starting ROIC management 	<ul style="list-style-type: none"> Linking to compensation Linking to compensation
	Domestic and overseas subsidiaries	<ul style="list-style-type: none"> Sharing ROIC management introduction policy 	<ul style="list-style-type: none"> ROIC study meetings Incorporating into business activities (ROIC tree building) 	<ul style="list-style-type: none"> Starting ROIC management Linking to compensation

■ Purpose of introducing ROIC management



See page 12. Continuing on, I would like to discuss the introduction of ROIC management. ROIC management will be introduced to improve capital efficiency and achieve a muscular corporate structure.

ROIC will not only be used to manage company-wide financial targets, but also as a performance management tool to accurately measure results, quantitatively linking on-site improvement activities with the improvements in profitability and capital efficiency expected by investors and other stakeholders.

The implementation process for the business units is as described, and we assume ROIC of 6% to 7% for the fiscal year ending March 31, 2026, the final year of the medium-term plan revision. In order to improve the accuracy of target achievement and the effectiveness of the strategy to achieve it, we plan to link this to executive compensation beginning in April 2025.

Promoting Asset Reduction

The Company's basic policy is to sell any assets that do not contribute to raising corporate value
When selling, we will search for investment opportunities that will contribute to business growth, and determine the businesses that should be invested in from the perspective of ROIC

Implemented items	Specific activities	Goals
Reducing inventories	<ul style="list-style-type: none"> ● Reducing inventories through business model reforms (supply chain management reform and cost structure reform) ● Appropriate disposal of inventory resulting from the withdrawal and consolidation of unprofitable brands 	Wacoal: Inventory turnover ratio in FY2026: 2.5 turns
Reducing strategic shareholdings	<ul style="list-style-type: none"> ● Gradually selling the shareholdings that we have agreed to sell 	During FY2024 to FY2026 we will sell approx. ¥ 30 billion of strategic shareholdings (Reducing less than 10% of net assets by FY2026)
Streamlining real estate holdings	<ul style="list-style-type: none"> ● As for real estate that does not contribute to enhancing corporate value, we will proceed with consideration based on the basic policy of selling 	While carefully examining the feasibility and validity, we will gradually respond (starting the phase from FY2024)

Page 13. Next, I will explain the promotion of asset lightening.

To improve asset and capital efficiency, we made it a basic policy to sell assets that do not contribute to increasing corporate value. In making divestments, we will search for investment opportunities that will contribute to business growth, and in making such investment decisions, we will do so from the perspective of ROIC.

The main targets to be considered and implemented for review of holdings for asset lightening are inventories, policy stocks, and real estate holdings.

Quantitative Targets in the Revised Medium-Term Management Plan

In light of the external environment, initial sales targets have been revised downward. On the other hand, through business model reforms and growth strategies, we will strengthen our ability to respond to customer changes and profitability while striving to improve capital efficiency. In addition, we aim to achieve a ROE of 7% and a PBR of 1 time or more.

	Initial goal FY2025	+1 year	Revised target FY2026	No change FY2031 (VISION 2030)
Sales	¥ 220 billion		¥ 203 billion	¥ 270 billion
Operating income	¥ 16.5 billion		¥ 13 billion	¥ 27 billion
Operating income ratio	7.5%		6.4%	More than 10%
ROE	6%	+1%	7%	More than 10%
ROIC	-		6% to 7%	More than 10%
EPS	¥ 200 or more		¥ 200 or more	-

See page 14. This is about the quantitative goals of the revision.

In light of the external environment, the target year has been pushed back one year from the fiscal year ending March 31, 2025, to the fiscal year ending March 31, 2026, and the initial sales target has been revised downward to JPY203 billion.

At the same time, we will strive to improve capital efficiency and achieve ROE of 7% and P/B ratio of over 1x, while strengthening our ability to respond to customer changes and profitability by reforming our business model and implementing growth strategies.

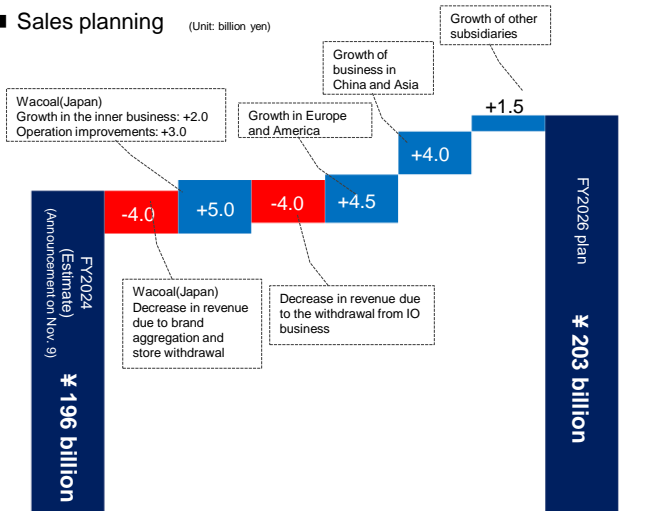
There is no change to the VISION 2030 targets.

Earnings Plan for the Revised Medium-Term Management Plan

Despite a temporary decline in performance due to the impact of structure reform, we will recover basic profitability by optimizing sales operations and implementing various reforms. We aim to achieve a sales revenue of ¥ 203 billion and a business profit of ¥ 13 billion in FY2026 toward the VISION 2030 target

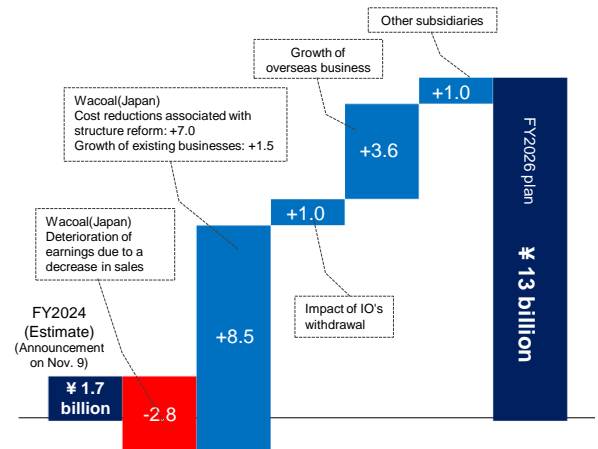
■ Sales planning

(Unit: billion yen)



■ Business profit plan

(Unit: billion yen)



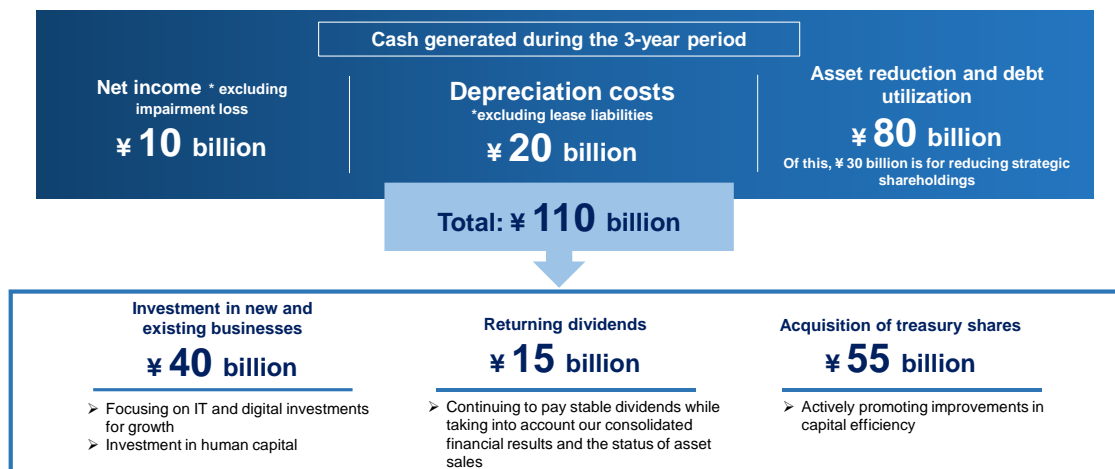
See page 15. The difference between the mid-term management plan and the projected sales revenue and business profit for the fiscal year ending March 31, 2024, is shown in the [waterhole].

While sales revenue is expected to decline due to Wacoal's structural reforms and the impact of the liquidation of IO, we are targeting JPY203 billion in the fiscal year ending March 31, 2026, the final year of the medium-term plan revision, through optimization of sales operations and growth of overseas businesses.

We also aim to achieve operating income of JPY13 billion by improving profitability through structural reforms and growth of overseas businesses.

Financial Strategies

1. Improving profitability through business model reforms and growth strategies as a top priority, we will reduce inventories and strategic shareholdings, and streamline real estate holdings to improve capital efficiency and ROE
2. While prioritizing investments for future growth, we will actively return profits to shareholders to improve capital efficiency



Page 16. This is the financial strategy newly formulated for the medium-term plan revision. As mentioned above, during the medium-term plan revision period, we will strive to improve profitability through structural reforms, reduce inventories and policy shareholdings, and liquidate real estate holdings.

The policy is to actively return the cash generated thereby to shareholders in order to improve capital efficiency, while giving priority to investment in growth. We will work to achieve our ROE and ROIC targets through both business and financial strategies.

Efforts to Exceed PBR of 1 x or more (Summary of Revised Medium-Term Management Plan)

Implemented items	Specific activities	Target indicators	
Executing growth strategies	<ul style="list-style-type: none"> Executing domestic and overseas growth strategies 	Increase in net income	FY2026 ROE: 7%
Business model reform	<ul style="list-style-type: none"> Supply chain management reform Executing cost structure reform Dealing with unprofitable businesses 		
Promoting asset reduction	<ul style="list-style-type: none"> Reducing inventories 	Reducing shareholder equity	FY2026 PBR exceeding 1.0 time
	<ul style="list-style-type: none"> Reducing strategic shareholdings 		
	<ul style="list-style-type: none"> Streamlining real estate holdings 		
Cash allocations	<ul style="list-style-type: none"> Growth investments and investment in existing businesses Proactively returning profits to shareholders 	Strengthening holding company's supervisory functions and improving management effectiveness (Managing the progress of structure reform by the Group Strategy Committee) Improving worker engagement Promoting discussion with the market	
Strengthening management infrastructure (governance)	<ul style="list-style-type: none"> Increasing the number of outside directors (from June 2023) Introducing ROIC management Introducing share-based compensation linked to medium-term performance Strengthening investment in our workers (improvement of working conditions, etc.) Further strengthening of IR/SR activities 		

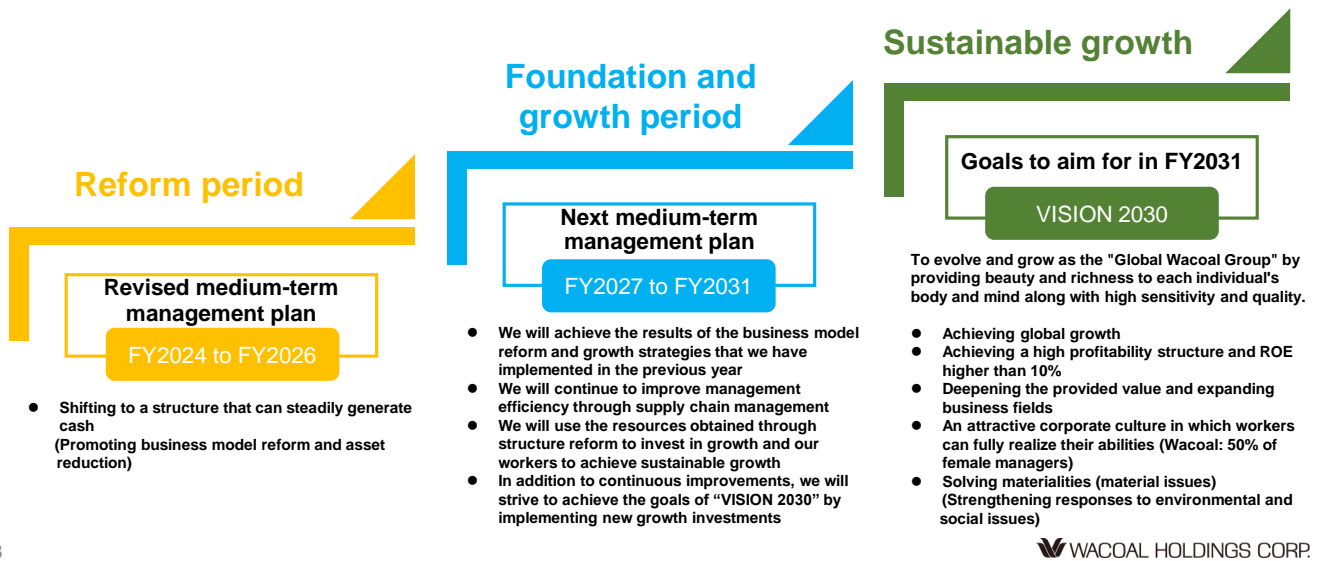
See page 17.

This will be an effort to resolve our long-term stagnant P/B ratio of less than 1x. By advancing the business and financial strategies explained today, we aim to achieve a ROE of 7% during the medium-term plan revision period.

We recognize that our own cost of equity is in the 6% range, and we hope to eliminate the P/B ratio of 1x due to this. Rather than being satisfied with a P/B ratio over 1x, we intend to continuously strive to improve P/B ratios through ongoing efforts to improve profitability and capital efficiency in the next mid-term plan and beyond in order to achieve VISION 2030.

Toward VISION 2030

Improving profitability and capital efficiency by steadily implementing measures in accordance with the revised medium-term management plan. We will not change the target values set forth in "VISION 2030," and improve the probability of achievement by increasing the effectiveness of management.



Page 18. This is an initiative toward VISION 2030.

As mentioned on page 14, we will not change the targets set forth in VISION 2030. The medium-term business plan revision period is positioned as a period of reform, and we will improve profitability and capital efficiency through the steady implementation of each measure in accordance with the plan.

For the next medium-term management plan and beyond, we will position the period as a budding and growth period, and in addition to reaping the fruits of reforms to implement this medium-term plan revision, we will aggressively make investments for the next stage of growth.

Through the implementation of the medium-term management plan revision, we will enhance the effectiveness of management and improve the accuracy of achieving the VISION 2030 goals.

References: Revised medium-term management plan figures

	Initial plan (Announcement on Jun. 3, 2022)		FY2023 Result	FY2024 plan (Announcement on Nov. 9)	The final year of the medium-term management plan	VISION 2030
	FY2023	FY2025			FY2026	FY2031
Sales revenue	¥ 205 billion	¥ 220 billion	¥ 188.6 billion	¥ 196 billion	¥ 203 billion	¥ 270 billion
Business profit	¥ 7 billion	¥ 16 billion	¥ 4.1 billion	¥ 1.7 billion	¥ 13 billion	¥ 27 billion
(Business profit margin)	3.4%	7.3%	2.2%	0.9%	6.4%	More than 10%
Operating income	¥ 6.5 billion	¥ 16.5 billion	¥ -3.49 billion	¥ -12 billion	¥ 13 billion	¥ 27 billion
(Operating profit margin)	3.2%	7.5%	-	-	6.4%	More than 10%
Net profit attributable to owners of the Company	¥ 5.5 billion	¥ 12.5 billion	¥ -1.78 billion	¥ -10.8 billion	¥ 10 billion	¥ 21 billion
EPS	¥ 97	¥ 200 or more	¥ -29.66	-	¥ 250	-
ROE	-	6.0%	-0.8%	-	7%	More than 10%
ROIC	-	-	-	-	6% to 7%	More than 10%
Shareholder equity	-	¥ 210 billion	¥ 213.1 billion	-	¥ 140 billion	-

See page 19. This will be the last page.

For reference, we have summarized the planned figures for the initial medium-term plan revision and VISION 2030. Please see this later.

Lastly, we would like to reiterate our deepest apologies for our poor performance and the fact that we will be in the red for the second consecutive fiscal year as we implement structural reforms for the future. Although the environment surrounding our group is becoming increasingly severe, we will steadily implement the measures of the medium-term management plan revision to pave the way for renewed growth.

We would like to thank our stakeholders for their continued support.

That is all the explanation from me. Thank you for your attention.

The information found in this document has been prepared based on information available at the time of its publication. The company does not warrant or promise that the information will lead to favorable results. It is also subject to change without notice.

While we exercise great care when posting this information, we are not responsible for any errors in the published information.

This is a translation of the original Japanese document, prepared and provided solely for readers' convenience. In case of any discrepancy between this translated document and the Japanese original, the original document shall prevail.